

July 1, 1998

VPCD-98-10 (LDV/LDT/SM/ICI/LIMO)

Dear Manufacturer:

SUBJECT: Fuel Economy Label Information for 1999 Model Year

Enclosed with this letter are the following documents designed to guide you in your 1999 model year fuel economy program.

Enclosure 1 - "Fuel Economy Supplementary Information for 1999 Model Year" contains the fuel cost, Gas Guzzler Tax schedule, and fuel economy range information necessary to print the fuel economy labels.

Enclosure 2 - "Timetable" contains the timetable for inclusions of label values in the 1999 model year Fuel Economy Guide. This year the timing has been delayed approximately two weeks from our normal time schedule to allow manufacturers and EPA additional time to process data using EPA's new IOV-CFEIS computer data base. If an additional delay is needed, EPA will notify manufacturers via another manufacturer guidance letter.

This letter establishes official 1999 model year fuel costs which are different than the interim values used by some manufacturers. [Interim fuel costs are used when 1999 vehicles are offered for sale before the 1999 fuel costs are available.] Manufacturers may continue using interim values (i.e. 1998 values) on currently approved labels until September 5, 1998. Manufacturers may update their currently approved labels sooner. All labels approved after August 1, 1997, should use the new fuel costs.

If you have any questions, please contact your certification team representative.

Sincerely,

Jane Armstrong, Director
Vehicle Programs and Compliance Division
Office of Mobile Sources

Enclosures

cc: S. Perez, DOE

ENCLOSURE 1

Fuel Economy Supplementary Information for 1999 Model Year

1999 Annual Fuel Cost

Annual fuel cost estimates for 1999 are based on 15,000 annual vehicle miles and the following fuel costs:

Regular Unleaded Gasoline	\$1.15 per gallon
Premium Unleaded Gasoline	\$1.30 per gallon
Diesel Fuel	\$1.10 per gallon
LPG	\$1.20 per gallon
M85	\$0.90 per gallon
E85	\$1.50 per gallon
CNG	\$0.75 per gallon equivalent

The fuel cost will be calculated using the adjusted combined mpg (the .55/.45 weighting of the adjusted city and highway FE's, then rounded to a whole mpg).

Fuel Economy Ranges

The publication of the initial ranges as required by 40 CFR 600.314-86(d), will occur at the same time the Guide is released for publication. These ranges shall be applied to all vehicles manufactured more than 15 days after the ranges are available [Ref.: 40 CFR 600.306-86(b)].

Pursuant to 40 CFR 600.314-86(d), we will publish an updated version of all the ranges in February, 1999. This corresponds to the historical date of the second edition of the Guide. All vehicles must be labeled with the updated ranges within 15 days.

Labels issued after release of the initial or updated ranges should include the latest available range of fuel economy for that class of vehicle. After the ranges are initially available, the computer issued receipt will contain the ranges. The receipt will be automatically generated for manufacturers electronically transmitting FE data; other manufacturers can obtain this receipt from your certification team representative after the FE data has been entered. Separate ranges of adjusted city and highway FE values will be given.

Release Date

EPA will consider manufacturer-calculated label values as confidential until the release date specified by the manufacturer. The release date should be the date of introduction or press release or inclusion in the fuel economy Guide, whichever is earlier.

1999 Fuel Economy Guide - 1st Edition

It is EPA's intention to include in the Guide all manufacturers' approved label values received by August 24 and, to the extent possible, all label values received before the Guide is sent to DOE on September 4, 1998. If the manufacturer wishes to exclude a model type from the Guide, a request providing justification for the exclusion must be submitted to EPA. After the EPA press release, which typically occurs the last week of September, EPA will place a copy of the Guide on the EPA web site (<http://www.epa.gov/OMSWWW/gopher/Cert/MPG>) and DOE will put this information on their web site (<http://www.eren.doe.gov/feguide/>).

1999 Fuel Economy Guide - 2nd Edition

EPA and DOE do not intend to publish a printed copy of the second edition of the Guide in February, as has been done in the past. Additionally, if EPA receives a substantial number of new labels after the first or second edition is published, it may be necessary to update both web sites once or twice after the first or second edition is published.

Gas Guzzler Tax

If, according to your calculations, one or more of your model types are subject to the Gas Guzzler Tax, those model types are noted by the letter "G" in the engine description section of the 1999 Fuel Economy Guide.

The total amount of tax is determined by the Internal Revenue Service (IRS). The manufacturer is responsible to the IRS for reporting and paying the Gas Guzzler Tax. The tax shown in the table below must be used on the label unless the manufacturer has been granted an alternative tax rate schedule. However, IRS may audit your records and make their own determination about your tax liability. If the IRS determines a different tax rate after the model year, you will not be required to relabel unsold vehicles.

Gas Guzzler Tax (continued)

Use the following table to determine the tax liability for "Guzzler" model types.

<u>FUEL ECONOMY VALUE TAX</u>			
<u>MPG*</u> is at least:	21.5 but	< 22.5	\$1,000
	20.5 but	< 21.5	1,300
	19.5 but	< 20.5	1,700
	18.5 but	< 19.5	2,100
	17.5 but	< 18.5	2,600
	16.5 but	< 17.5	3,000
	15.5 but	< 16.5	3,700
	14.5 but	< 15.5	4,500
	13.5 but	< 14.5	5,400
	12.5 but	< 13.5	6,400
	less than	12.5	7,700

* Combined unadjusted model type fuel economy

Limousine Manufacturers

Under the Revenue Consolidation Act of 1991, Limousine manufacturers and modifiers are covered by the gas guzzler program. Manufacturers of such vehicles should obtain fuel economy labels for their vehicles and conversions.

ENCLOSURE 2

Timetable

This enclosure is the timetable for including data in the 1999 Fuel Economy Guide and for the calculation and release of updated fuel economy ranges:

Fuel Economy Guide

<u>Task</u>	<u>Significant Dates</u>	<u>Responsibility</u>
1. Complete emission certification requirements for all model types to be included in the <u>Guide</u> .	August 24	Manufacturer
2. Notify EPA of self-approval of all general label fuel economy values, for all model types to be included in the <u>Guide</u> .	August 24	Manufacturer
3. Compile a list (for each manufacturer) of descriptions, fuel economy values, etc., of all model types to be included in the <u>Guide</u> and transmit to manufacturers for their review.	August 24	EPA
4. Complete review of all information provided in "3" above and notify EPA of necessary corrections or concurrence.	August 28	Manufacturer

Fuel Economy Ranges

1. Release to manufacturers the fuel economy ranges to be used on fuel economy labels.	September 4	EPA
2. Ranges required to be included on labels as of this date.	September 20	Manufacturer

EPA will convey the necessary information to DOE on September 4, 1998.